

i.r.t. Celsius Network LLC, et al. Case Number 22-10964 (MG)

Dear Honorable Judge Glenn,

I would like to be brief to convey my point of view and also would like to share **the screenshots** as Celsius has been changing the user-interfaces frequently, on top of all misleading communications on social media.

- Celsius preached the **safety** and convenience of parking the coins, 24/7 access on withdrawal with no fee. I chose Celsius and thought I was being conservative in investing parking most of my assets in USDC Earn account. I also parked all other coins available on the platform for the convenience of one-stop crypto banking.
- Recently in April 2022, Celsius appeared to be campaigning heavily to convert coins to CEL token, giving more reward tokens, advertising 30% rewards, also encouraging the customer to become accredited investor. I personally did not want to get any CEL gift tokens or other coins' rewards as the value of these coins fluctuate and cumbersome to earn rewards for the tax filing. It was Celsius's default behavior to me for the all coins to be in the EARN account, therefore I reached out to Celsius in early March 2022 if I can chose not to earn rewards. CEL token when I purchased was at about \$5, currently +-\$1. Celsius eventually made the functionality to swap between EARN and Custody account.

-It was my understanding that **USDC**, “**the STABLE COIN**” from *the Circuit* was widely recognized as \$USD equivalent, in the form of \$US digital currency. In my mind, investing in USDC EARN account was equivalent to **high-yield money market in the banking system**, while Custody account was like checking account. According to *the Circuit*, USDC is fully-backed by cash and short-dated U.S. treasuries.

I was hoping Celsius to take NECO's rescue, if they really wanted to protect the customer, or open up a discussion with other investors, which did not happen. My trust in the company is betrayed with Celsius at this point. I would like to suggest that Celsius employees to only get paid minimum wages on the fiat currency, and get reminder of the salaries in CEL token (i.e., calculated at CEL \$3 to USD \$1), and get locked up until all the customers get paid first.

Also for those customers who are underwater or having have to live on the credit card, I would like to suggest that the minimum wage equivalent per month should be allowed to withdraw for the time-being, limiting to the customers who does not have any outstanding loans. We are no longer earning any rewards, so USDC Earn coins can be moved to Custody and Celsius to create the function for the customer to withdraw from USDC a certain amount monthly. It does not make any sense to me that Celsius management to get paid in the fiat currency, spending more on this process to restructure themselves; while they suggest us to buy their CEL tokens and lock it up.

Sincerely,

Kiyomi K

attached; 5 pages to follow

## **Appendix**

**Exhibit 1 - Celsius UI (User Interface) preaching on the safety of the customer's coin**

**Exhibit 2.a. – Projected understanding of Custody vs. Earn Account**

**Exhibit 2.b. – Accredited Investor Campaign**

**Exhibit 3. - USDC “Stable coin” – \$USD digital currency**

## Exhibit 1 - Celsius UI (User Interface) preaching on the safety of the customer's coin

### Celsius UI (User Interface) on your face (screenshots taken on June 18, 2022)

- \* “Keep your crypto **safe, without worrying about lost seed phrases**” – indication that Celsius is keeping the customer from potential hacking. Seed phrases are the keys to unlock the assets from the wallet.
- \* Whitelisting of coin withdrawal addresses takes 24 hours, (though only able to add one address per specific coin, therefore need to wait 24 hours to move to a different wallet.), assuring us the safety protocols implemented.

The image shows two screenshots of the Celsius UI. The top screenshot is the homepage, featuring the Celsius logo and navigation links for Individuals, Businesses, Community, Media, About, and Care. A large central callout box contains the text "Access your coins whenever, keep them safe forever." followed by a bulleted list: "Keep your crypto safe, without worrying about lost seed phrases." and "Swap or withdraw your crypto at any time, with no fees." A "Get started →" button is at the bottom. The bottom screenshot shows the "Your Coins" section. It includes a "Manage Whitelisted External Addresses" section with a "+ Add New Coins" button. Below this, two coin entries are listed: "USD Coin (USDC)" with a balance of 0 and a Coinbase address field, and "Celsius (CEL)" with a balance of No Address, a No Nickname field, and an "Add Address" button.

**Your Coins**

Manage Whitelisted External Addresses Add and edit currency addresses

+ Add New Coins

Symbol	Coin Name	Balance	Coinbase address	Action
USDC	USD Coin (USDC)	0	0	Edit / Remove
C	Celsius (CEL)	No Address	No Nickname	Add Address

## Exhibit 2.a. – Projected understanding of Custody vs. Earn Account (screenshots taken on June 18, 2022)

The screenshot shows two circular icons at the top: 'Custody' (a safe icon) and 'Earn' (a plant growing from coins icon). Below them is the heading 'Your Celsius Accounts'. A text block explains that the Celsius account is divided between 'Custody' and 'Earn' accounts. It also states that the 'Custody Account' is for transferring, swapping, and borrowing coins, while the 'Earn Account' is for earning rewards. At the bottom right is a blue 'Next' button.

The screenshot shows a circular 'Custody' icon at the top. Below it is the heading 'Your Celsius Accounts'. A text block explains that the 'Custody Account' is the home base for crypto transactions and can be transferred, swapped, or used as loan collateral. It also states that coins in the Custody Account go into the Custody Account. At the bottom right is a blue 'Next' button.

The screenshot shows a circular 'Earn' icon at the top. Below it is the heading 'Your Celsius Accounts'. A text block explains that coins in the 'Earn Account' earn rewards but can't be directly withdrawn, swapped, or used as loan collateral. It also states that if you want to withdraw, swap, or use these coins as collateral, you'll need to transfer them to your 'Custody Account' first. At the bottom right is a blue 'Next' button.

The screenshot shows both 'Custody' and 'Earn' icons side-by-side. Below them is the heading 'Your Celsius Accounts'. A text block explains that transferring coins into the 'Earn Account' is only available to Accredited Investors. It also states that if you are not an Accredited Investor, transferring coins out of the 'Earn Account' is permanent, one-way transaction. At the bottom right is a blue 'Close' button.

## Exhibit 2.b. – Accredited Investor Campaign



<https://support.celsius.network/hc/en-us/articles/4406861138961-Accredited-Investor-FAQ>

Document indicates it was uploaded on June 10, 2022

### Accredited Investor FAQ

2 months ago · Updated

2022-06-10 07:51

CEL token was campaigned to earn 30%, pushing user's to invest in CEL token Earn account, especially after April 2022.

#### Full Benefits of CEL Loyalty Program

Accredited investors can also benefit from our CEL Loyalty Level program; if 25% or more of your Celsius portfolio is CEL token, or you hold 25,000 or more CEL token, your Earn in-CEL rates are boosted by up to 30% over our standard, in-kind rates. Your Loyalty Level also improves the rates you can receive on loans with Celsius.

### **Exhibit 3. - USDC “Stable coin” – \$USD digital currency**

What is USDC = “STABLE COIN”

#### **What is Circle?**

Circle Internet Financial Limited is a global financial technology firm that enables businesses of all sizes to harness the power of digital currencies and public blockchains for payments, commerce, and financial applications worldwide. In this capacity, Circle will process the ACH requests initiated by you to buy USDC and credit it into your Celsius account.

<https://www.circle.com/en/usdc#usdc-data>

“Fully-backed by cash and short-dated U.S. treasuries” per Circle

## **FAQ**

#### **Is USDC a cryptocurrency?**

USDC is a fully-reserved stablecoin, which is a type of cryptocurrency, or digital asset. Unlike other cryptocurrencies that fluctuate in price, USDC is designed to maintain price equivalence to the U.S. dollar. USDC is a stable store of value that benefits from the speed and security of blockchain technology.

#### **How can I trust that USDC will always be equivalent to a dollar?**

For every \$1 of USDC in circulation, Circle holds \$1 of USD. USDC is **fully-backed** by cash and short-dated U.S. treasuries, and these reserves are held in the custody of leading financial institutions.